

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

- against -

COINSEED, INC. and DELGERDALAI
DAVAASAMBUU
Defendants.

ORDER OF DEFAULT

21 Civ. 1381 (PGG)

PAUL G. GARDEPHE, U.S.D.J.:

The Complaint was filed on February 17, 2021. (Dkt. No. 1)

Plaintiff served Defendant Coinseed, Inc. on February 26, 2021. (Dkt. No. 12)

That same day, Defendant Delgerdalai Davaasambuu waived service of a summons and confirmed receipt of a copy of the Complaint through his then-attorney Jason Gottlieb of Morrison Cohen LLP. (Dkt. No. 13)

On April 22, 2021, Morrison Cohen LLP – counsel for both Defendants – moved to withdraw. (Dkt. Nos. 16, 17) The Court conducted a hearing on May 7, 2021 concerning counsel’s motion. Despite being directed to attend the May 7, 2021 conference (Dkt. Nos. 20, 21, 23), neither Defendant appeared. The Court granted Morrison Cohen’s motion to withdraw. The Order also set a deadline of June 4, 2021 for the Defendants to answer or otherwise respond to the Complaint, and warned that if Defendants do not meet this deadline and substitute counsel did not appear by June 11, 2021, Plaintiff would move for a default judgment in accordance with this Court’s Individual Rules. (Dkt. No. 24)

Defendants have not filed an answer or otherwise responded to the Complaint, and substitute counsel has not appeared in this action.

On July 1, 2021, Plaintiff moved for a default judgment against both Defendants.

(Dkt. No. 37)

On July 6, 2021, the Court ordered Defendants to show cause why a default judgment should not be entered against them, and set a hearing for July 22, 2021, which was later adjourned to August 19, 2021. (Dkt. Nos. 42, 44, 46)

With the Court's permission, Plaintiff served the order to show cause and supporting papers on Davaasaambu by email on July 6, 2021, and on Coinseed through its registered agent in Delaware and at a Long Island City address on July 19, 2021. (Dkt. No. 45) Plaintiff filed proof of service for the adjourned date on August 2, 2021. (Dkt. No. 47)

Defendants have not responded to the order to show cause, and did not appear at the August 19, 2021 hearing. Accordingly, an order of default will be entered against Defendants Coinseed and Delgerdalai.

For the reasons discussed at the August 19, 2021 hearing, Defendants are permanently restrained and enjoined from violating, directly or indirectly, Section 5 of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e, by, directly or indirectly, in the absence of any applicable exemption, and unless a registration statement is in effect as to a security:

- (a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or

(c) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

As provided in Federal Rule of Civil Procedure 65(d)(2), this Order also binds the following who receive actual notice of the Order by personal service or otherwise: (1) Defendants' officers, agents, servants, employees, and attorneys; and (2) other persons in active concert or participation with Defendants or with anyone described in paragraph (1) above.

This matter is referred to Magistrate Judge Netburn for an inquest concerning an appropriate disgorgement remedy and civil penalty award.

The Clerk of Court is directed not to close this case.

Dated: New York, New York
August 23, 2021

SO ORDERED.



Paul G. Gardephe
United States District Judge